

CITY OF ALBANY
CITY COUNCIL (WORK SESSION)
Municipal Court Room
Monday, June 7, 2010
4:00 p.m.

MINUTES

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 4:00 p.m.

ROLL CALL

Councilors present: Councilors Bill Coburn, Dick Olsen, Jeff Christman, Floyd Collins, Bessie Johnson, and Ralph Reid, Jr.

Councilors absent: None.

BUSINESS FROM THE PUBLIC

There was no business from the public.

AWARD OF BID, ST-08-06, INFRASTRUCTURE IMPROVEMENTS, TIMBER RIDGE SCHOOL TO KNOX BUTTE ROAD

Assistant Public Works Director/City Engineer Mark Shepard said it is not customary to bring bid awards to a work session but due to sensitive timing and the goal to complete this project before school opens, staff is requesting approval today. The bids were opened on May 11, 2010, and Council approval was scheduled for the May 26, 2010, Regular Session that was canceled. The City has allowed the contractor to do only minimal work until the Council formally approves the bid award. This project is estimated to come in under budget. This is the second Local Improvement District (LID). At the Wednesday, June 9, 2010, Regular Session, the Council will be setting a public hearing to consider final assessments for the northern LID.

Konopa asked, where is Northwest Earth Movers located? Shepard said, in Sherwood.

MOTION: Councilor Floyd Collins moved to authorize the bid award to Northwest Earth Movers, Inc. for \$1,698,317.60. Councilor Ralph Reid Jr. seconded the motion and it passed 6-0.

CORRECTION OF BUDGET PUBLIC HEARING NOTICE

Finance Director Stewart Taylor explained the inconsistencies in the Budget Hearing public notice published in the *Albany-Democrat Herald*. Taylor took responsibility for not catching the errors prior to publication. According to Oregon budget law, if staff brings the errors to the attention of the governing body it does not require that the notice be republished.

STORMWATER PLANNING UPDATE

Assistant City Engineer Jeff Blaine gave an update to stormwater planning.

Councilor Bessie Johnson arrived at 4:07 p.m.

Blaine gave a PowerPoint presentation (see agenda file.)

Councilor Bill Coburn thinks the Erosion Prevention Control Program (EPCP) was a good idea. He noticed the Ciddici's Pizza project used big rocks and sediment barriers in an effort to keep the dirt out of the storm drain, and subsequently our creeks and waterways. Generally he doesn't like more government regulations, but in this case it makes sense and he supports it.

Councilor Dick Olsen asked, what happens to the sediment fence after the job is done. Blaine said the fencing goes to the landfill. Staff will suggest to contractors that they use biodegradable material such as bio-berms whenever possible.

Collins says he has seen contractors leave the silt fences up long after they leave the site as well as large bags in front of the catch basins. Blaine said with the new EPSC program contractors are now required to remove those items once the site is stabilized and prior to closing out the permit.

Collins discussed detention basins in subdivisions and their effectiveness. An evaluation of regional infiltration and detention are key factors. Discussion followed.

Konopa asked, when is the last time we did a Stormwater Master Plan? Blaine replied it was in 1988, and it did not

include a new evaluation of North Albany. There was also one started in 1991 for North Albany but it was never completed.

Public Works Director Diane Taniguchi-Dennis said that stormwater maintenance is now performed by Public Works Street (ditches) and Sewer (pipes) crews. However the new federal mandates will require that the City create a more formalized program. Taniguchi-Dennis said that Shepard and Blaine have been doing most of the work in-house.

Collins said, this is another prime example of an unfunded federal mandate, yet there is a finite ability for our constituents to pay. He thinks we must be approaching the maximum capacity to pay. City Manager Wes Hare said, in some ways we are already there and the proposed budget reflects that. Collins noted that it is important that the community understand that these improvements are required by the federal government.

Staff anticipates that the new Stormwater Master Plan will be finalized in about 12-18 months.

Staff reported that the revenue received from the ESPC permits is \$13,535 or about \$276 per permit.

WATER AND SEWER RATE DISCUSSION

Taniguchi-Dennis introduced Senior Accountant Jeff Babbitt. Babbitt is responsible for the Public Works Department's cost and project accounting, as well as financial forecasting, debt, grant, and fixed asset management. Babbitt works closely with the Finance Department.

Taniguchi-Dennis referred to the staff report, which described two resolutions coming to the Council at the June 9, 2010, Regular Session to set a public hearing for June 23, 2010. Staff is proposing a third year of a water rate increase forbearance to be effective January 1, 2011, through December 31, 2011. In subsequent years, staff recommends Council return to implementing the adopted water rate policy. Staff is also proposing a 7% sewer rate increase to be in compliance with the debt coverage requirements for the State Clean Water Revolving Loan.

Taniguchi-Dennis said the long term challenge for the City's water and sewer rates is to keep it affordable and competitive, yet also sufficient to pay for debt obligations, to fund operations and maintenance, and to fund an adequate capital improvement program to ensure aged and obsolete infrastructure is replaced and rehabilitated in a timely manner. The current economic climate makes this delicate financial balance even more challenging.

Johnson said she used a tax bill to evaluate the future costs of not making regular payments on accrued debt. For example, a \$2,400 tax bill is charged \$384 interest if it goes unpaid. The following year it will be charged 3% on the new total. Within three years, the balance more than doubles. Her example illustrates that the City must be cautious not to dig ourselves into a hole. She said, we need to replace these pipes. Taniguchi-Dennis agreed that it is a delicate balance; it is a long-term management of investment in a perpetual life maintenance program and keeping rates affordable.

Johnson would like staff to calculate how many miles of water lines would have been fixed if the City had raised rates according to the schedule over the last three years. She wants to compare that number to what has actually been fixed with the rate forbearance.

Johnson handed out a copy of a City of Albany utility bill (see agenda file.)

Johnson asked, was the new Water Treatment Plant (WTP) built before the PepsiCo project was proposed? Hare said yes, the plant was completed before the City was approached by PepsiCo, yet this remains a common misconception in the community. The plant had to be built because Albany was out of compliance with Department of Environmental Quality (DEQ) clean water requirements.

Coburn asked if it was an option to pay down the sewer debt and still keep the DEQ's minimum debt ratio requirement. Discussion followed. Coburn prefers to reduce the debt to raising rates and noted there is PepsiCo settlement money available. Taniguchi-Dennis said to keep in mind too, that this debt is at the lowest interest rate. The Council might want to consider debt with higher interest rates to defease as part of an overall debt management strategy. She will investigate and bring the information back to the Council.

Collins asked, how do the City's reserves affect the equation? Taniguchi-Dennis said reserves do not affect the debt coverage ratio. The debt coverage ratio is a test of whether a borrower has net operating revenues that are adequate to service the debt.

Collins recalled that in 1998-99 the Water Task Force predicted that in 10-15 years the average water and sewer bill would be \$50. Thirteen years later Albany is almost there, along with many other cities.

Collins asked, do System Development Charges (SDCs) for sewer pay towards sewer debt? Taniguchi-Dennis said yes. Reid pointed out that if SDCs are not at 100% capacity then the City is still not building enough reserve for replacements. Currently Water SDCs are at 92%, Sewer SDCs are at 100%, and Transportation SDCs area at 27%.

CITY MANAGER REPORT

Hare said Allied Waste (AW) has a new compost food reclamation plant near Corvallis. Corvallis is using the service now. AW accepts "green waste" and will be moving to meats and cheeses in the near future. AW has asked if Albany is interested in adding this service too. The food waste would be added to the yard debris containers; those containers are picked up every other week now, but because of the food waste they would be picked up each week if Albany moves to this service. The cost would be an additional \$2.00 per residential customer. Corvallis has seen a reduction in garbage since implementing the comingled yard debris and food waste.

Dave Hauser, General Manager for AW, handed out a document about the program (see agenda file). He introduced Bronwyn Evans, Municipal Business Manager and Kevin Hines, Division Manager. This program is the first of its kind in Oregon. If Albany implemented this program, it would be a city-wide service.

Coburn prefers to poll the citizens to see if they want it; otherwise, it will be perceived simply as a \$2 rate increase. Collins agreed that it would be ideal to see what the citizens want.

Hauser said commercial businesses also have the option to sign up for the service.

Hare said adding this service in Albany would require Council approval since it involves a franchise.

COUNCILOR COMMENTS

Collins got a call from a person that wants the Council to designate the Talking Waters Garden and the downtown promenade no-smoking zones. They were concerned about second hand smoke as well as cigarette butt litter. Discussion followed. Staff will look into legal ramifications.

Collins thanked the Council for their support following his personal loss.

Konopa gave an update on Cascades West Council of Governments (COG). She is on the Board of Directors. They have been discussing the management of economic development regionally instead of by each entity. The state also supports a regional approach. COG already updated a regional economic development plan, and hired a consultant. The consultant suggested pursuing a regional economic development program so that potential developers look at more than just one county at a time; it also provides a larger work force to support the proposed business, which is one of the criteria businesses consider in their evaluation. COG next wants to choose a brand for the region and do an inventory of all the shovel-ready properties, so that in the future when AMEDC is approached by a business, they can provide a comprehensive list. This could be a very valuable tool.

Hare said City Attorney Jim Delapoer has an update for the Council regarding the Lowe's project.

Delapoer said he had thought the Council and Lowe's had reached agreement, but he has since encountered some issues that he wants to alert the Council to. There has been some concern about if Lowe's and Mr. Perlenfien, who appeared to be in agreement about the project during recent Council meetings, are in fact in agreement on some of the fundamental issues. He gave examples and read an e-mail to the Council.

Coburn thinks Lowe's should be contractually committed to build in Albany. He agrees that Albany is paying top dollar for the Perlenfien property and as such, it should be free of contaminants. If it is not, Perlenfien should cover the cost. Finally, if there is an overrun on cost or if there is a savings, it should be split between the City and Lowe's.

Delapoer said the other issue is how much the Council wants to contribute from the Transportation-SDCs if the project does come in less than projected. Delapoer asked the Council to study the Engineer's memo carefully prior to the Council meeting, and tell staff what they want to see happen so staff can offer those alternatives to Lowe's. It is important that Lowe's hears the Council's direction.

ADJOURNMENT

There being no other business, the Work Session adjourned at 6:23 p.m.

Respectfully submitted,

Reviewed by,

Mary A. Dibble, MMC
Deputy City Clerk

Stewart Taylor
Finance Director